

## Message Text

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PAGE 01 BONN 13500 242001Z  
ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 AID-05 CEA-01 CIAE-00  
COME-00 FRB-03 INR-10 NSAE-00 SP-02 STR-07  
TRSE-00 LAB-04 SIL-01 OMB-01 /068 W  
-----039795 250642Z /21

R 241927Z JUL 78  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC 528  
INFO AMEMBASSY LONDON  
AMEMBASSY PARIS  
AMEMBASSY ROME  
USMISSION GENEVA

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EB/ISM

COMMERCE FOR DAN GILL BDC

E.O. 11652: N/A  
TAGS: EMIN, ECE, GW  
SUBJECT: ECE STEEL COMMITTEE -- FRG CRITICISM OF  
STRUCTURAL CHANGES STUDY DRAFT

1. EMBOFF HAD RECEN DISCUSSION WITH DR. OLLIG  
(MINISTRY OF ECONOMICS, STEEL DIVISION) ON WORK OF ECE  
STEEL COMMITTEE--GROUP OF EXPERTS ON STRUCTURAL CHANGES  
IN THE IRON AND STEEL INDUSTRY, PARTICULARLY DRAFT  
CHAPTER V (STEEL/GE .3/R.4ADD 5) AND CHAPTER III  
(STEEL/GE.3/R.4/ADD B). HE INDICATED TO US THAT THESE  
CHAPTERS (OBVIOUSLY DRAFTED BY PLANNED ECONOMY COUNTRY  
EXPERT) WERE SERIOUSLY DEFICIENT AND CONVEYED AN IN-  
CORRECT VIEW OF ACTUAL STEEL MARKE CONDITIONS. HE DREW  
PARTICULAR ATTENTION TO PARA 2 OF THE SUMMARY AND PARAS  
7, 13, 14, AND 15 OF ADD 5 AS WELL AS PARAS 6, 7, 25,  
AND 28 OF ADD 6.

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2. OLLIG'S GENERAL COMMENT ON THE DRAFT CHAPTERS ARE  
AS FOLLOWS:

THE FRG IS OF THE OPINION THAT -- AT LEAST FOR SOME  
COUNTRIES -- THE DRAF LACKS A CLEAR INDICAION OF THE  
FACT THAT THE CONTROL OF THE ECONOMIC PROCESS IN MARKE-

ORIENTED COUNTRIES IS ACHIEVED THROUGH THE MARKET MECHANISM WITHOUT DIRECT INTERVENTION BY GOVERNMENTS.

WITH REGARD TO THE PRESENT SITUATION IN THE EUROPEAN STEEL MARKET, IT SHOULD BE STATED THAT THE EEC STEEL POLICY, WITH ITS CURRENT CONTROL OF SUPPLY AND PRICES OF CERTAIN STEEL PRODUCTS IS A MEASURE DESIGNED SOLELY TO PROVIDE TEMPORARY RELIEF FROM PRESENT MARKET DIFFICULTIES BUT WITH THE EVENTUAL GOAL OF ESTABLISHING ADEQUATE FREE-MARKET CONDITIONS AFTER A TRANSITIONAL PERIOD.

3. OLLIG PROVIDED US WITH A COPY (GERMAN/FRENCH) OF THE SPECIFIC SUGGESTED TEXTUAL CHANGES, WHICH THE FRG MISSION IN GENEVA WILL TAKE UP DIRECTLY WITH THE ECE SECRETARIAT. A COPY IS BEING FURNISHED TO EB/ISM AND USMISSION GENEVA.

4. HE ASKED IF THE U.S. WOULD BE WILLING TO SUPPORT THE FRG RECOMMENDATIONS FOR CHANGES IN THE DRAFT. EMBOFF REPLIED THAT ON A QUICK READING OF THE DOCUMENT, IT APPEARED THAT THE U.S. MIGHT WELL FIND OBJECTIONABLE MANY OF THE SAME PASSAGES HE WAS REFERRING TO AND SAID THAT FRG'S IDEAS WOULD BE REFERRED TO THE DEPARTMENT. FRG CONCERN IS THAT UNLESS IMMEDIATE OBJECTION IS MADE TO SECRETARIAT, DRAFT TEXT WILL BECOME FINAL VERSION. LIMITED OFFICIAL USE

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5. EMBASSY WOULD APPRECIATE LEARNING IN DUE COURSE DEPARTMENT'S REACTION TO THE ECE DRAFT CHAPTERS AS WELL AS TO CHANGES SUGGESTED BY THE FRG, WHICH WE COULD THEN RELAY TO DR. OLLIG. MEEHAN

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** STEEL, STEELS, COMMITTEES  
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**Review Markings:**  
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